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March 19, 2007  
Date

**DEPARTMENT OF COMMERCE  
OFFICE OF HUMAN RESOURCES MANAGEMENT**

**HUMAN RESOURCES (HR) BULLETIN #059, FY07, 5 CFR 451.101 & 104**

**SUBJECT:** Linking Performance-Based Awards to Performance

**EFFECTIVE DATE:** Upon the issuance of this HR Bulletin

**EXPIRATION DATE:** Effective until cancelled or superseded

**SUPERSEDES:** 5 CFR 451.101(e) and 5 CFR 451.104 (a)(3)

**BACKGROUND:** The Office of Personnel Management (OPM) issued final regulations on January 11, 2007, that revised 5 CFR 451.101(e) and 5 CFR 451.104(a)(3), and added a new paragraph, 5 CFR 451.104(h). The regulations were effective on February 12, 2007.

**PURPOSE:** The purpose of this HR Bulletin is to communicate the revised regulations and to clarify that all performance-based awards must be based on a rating of record of Level 3 (or equivalent) or higher. In addition, the granting of performance-based awards must make meaningful distinctions in performance based on levels of performance.

When performance-based awards are granted, awards are larger for employees with higher rating levels. OPM reiterated that there is no statutory entitlement to recognition. These regulations do not impact the granting of other types of awards (e.g., Special Act Awards, Cash-in-Your-Account Awards, On-the-Spot Awards, Bureau-level Awards, or Time Off Awards). The final regulations are aimed at ensuring that agencies link performance-based awards (i.e., performance awards) directly to job performance.

**NEW REQUIREMENTS:** The regulations also encourage agencies to inform employees about the various agency award programs and provide managers and supervisors training to ensure they have the necessary skills to practice effective performance management. The Department will maintain an online resource to educate all employees about the variety of Commerce award programs and what is required to be eligible for each award. Understanding the different types of awards and the bases for which they might be granted supports the transparency of the Commerce awards programs.

The Department will produce annual data reports to ensure that performance award amounts and rating levels are consistent with the OPM regulations. The data will be reviewed during future applications of the Performance Appraisal Assessment Tool as well as accountability audits.

By March 30 each year, the Department will notify the bureaus of the results of the prior performance year appraisal cycle. If found to be in noncompliance, the Department will require a bureau(s) to certify no later than July 30 of each year that 100 percent of all bureau managers have received training on how to use performance awards to make meaningful distinctions in levels of performance.

If the result of the next annual data report following the July 30 corrective action date does not show compliance with OPM regulations, the Department may take more substantive action. This may include withdrawing a bureau(s) authority for granting performance awards without the prior review and approval by the Department.

**REFERENCES:** January 11, 2007, Federal Register (Volume 72, page 1267).

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